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INFORMATION BULLETIN

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CHANGE TO THE REFUND OF THE FUEL TAX IN RESPECT OF MINING OPERATIONS

The fuel tax system provides for the refund of the tax paid in respect of gasoline or non-coloured fuel oil used to operate a motor vehicle registered for use exclusively off-road and used for mining operations, that is, all activity carried out to discover a mineral resource in Québec or for the mining of such a resource.

The tax policy that, in 1978, led to the introduction of this refund measure sought to help the mining industry, which was experiencing serious financial problems. For the purposes of this measure, the definition of "mineral resource" adopted under the fuel tax system in respect of mineral deposits was styled on that under the Québec income tax system at the time, which was itself harmonized with the definition of "mineral resource" under the federal income tax system.

Thus, the objective that prompted the preferential fuel tax treatment for the mining industry was the same as for income tax purposes, namely, to grant a special benefit to the mining sector itself, that is, a high-risk activity sector with major exploration and mining costs, but with considerable potential for economic benefits.

It follows that it was never the government's intention to grant the refund of the fuel tax in respect of mining operations to stone quarry operations that consist generally in producing crushed stone for use in the construction sector. Such deposits are easy to discover, mine and commercialize, and they do not require the same level of investment as in the mining sector, so it is not a high-risk activity sector.

However, the fuel tax refund measure in respect of mining operations was extended, on an exceptional basis, to operators of granite quarries in 1988 and to operators of slate quarries in 2006, contributing to distance it from its original objective. Such extension seems to have created confusion around the scope of the refund, said to have been subsequently granted to operators of stone quarries, other than granite or slate quarries, who were not entitled to the refund.

In this context, to refocus the fuel tax refund measure in respect of mining operations on its objective at the time it was introduced and to apply the measure fairly to all stone quarry operators, the fuel tax system will be changed to remove granite and slate from the list of mineral resources that give entitlement to the refund of the tax.

This change will apply to the tax paid after the date of publication of this information bulletin. It will also apply to the tax paid before the date following the date of publication of this information bulletin by any operator of a stone quarry, other than an operator of a granite or slate quarry having already obtained a refund of the fuel tax in respect of that quarry's mining operations prior to the date following the date of publication of this information bulletin, where an application for refund of the tax:

— is received by Revenu Québec following the date of publication of this information bulletin; or

— was received by Revenu Québec before the date following the date of publication of this information bulletin and was refused or not assessed.

For information concerning this information bulletin, contact the Secteur du droit fiscal et des politiques locales et autochtones at 418 691-2236.

The English and French versions of this bulletin are available on the Ministère des Finances website at www.finances.gouv.qc.ca.